

ეკონომიკა: თეორია და პრაქტიკა ECONOMICS: THEORY AND PRACTICE

World Economy: Economic Implications of the COVID-19 Crisis and Prospects for Recovery

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Global trends and prospects of economic development have been studied on the grounds of an analysis of statistical data of Georgia, developed and developing countries against the background of a crisis caused by COVID-19 pandemic. It is an analysis of perturbations caused by COVID-19, along with their impact on the economic growth, foreign trade, balance of payments, public debt, current account deficit, parameters of the State Budget, inflation, employment, performance of the financial sector, sustainability, etc. Article also presents a discussion on wide-scale fiscal and monetary anti-crisis measures implemented in various countries, along with a possible outcome of such measures in a short- to medium-term horizon, their impact on macroeconomic and monetary stability of individual countries, regions and world, economic growth and welfare of people. Article presents a comparative analysis of the economic impact caused by the pandemic based on the rich statistical data of a great number of countries and Georgia. Also, it highlights the significance of anti-pandemic measures and role of the effective public administration in managing the financial-economic challenges and in resolving problems.

Keywords: *Global economy, macroeconomic stability, monetary stability, COVID-19, economic growth, inflation, state and public finance, world trade, BOP, public debt.*

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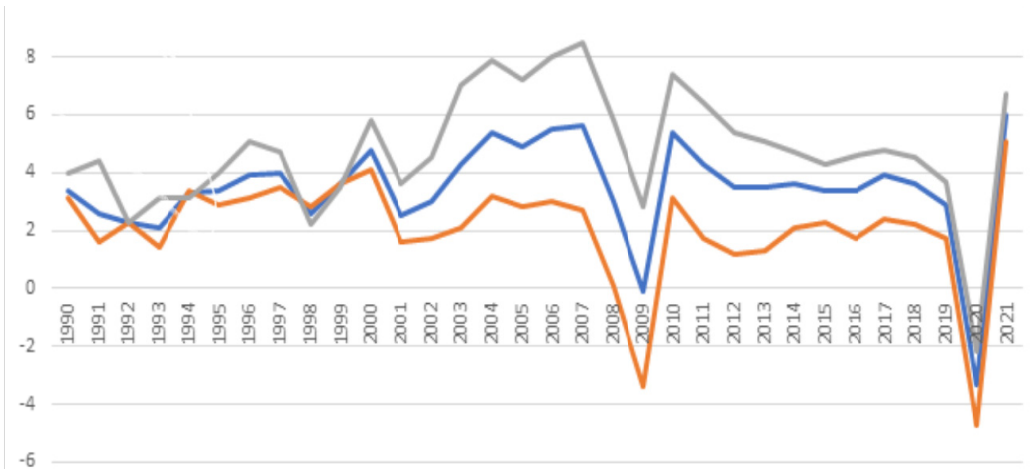
For more than a year, the negative impact of the COVID-19 pandemic on the global economy and social sphere has continued. The pandemic has become one of the most destructive in the past century. The crisis has negatively affected not only the socio-economic situation of almost all countries of the world, but also has a destructive effect on interstate, regional and international relations, destabilizes world trade, increases the existing imbalances in the world economy and generates new ones.

According to the latest IMF report (April 2021), global GDP in 2020 fell by 3.3%, which is an unprecedented figure in the entire post-war history. Also, the volume of world trade fell unprecedentedly (by 8.5%). The crisis affected all groups of countries (developed, developing, emerging market economies) and all regions of the world, causing a significant economic decline, an increase in unemployment and pressure on public finances, and an increase in imbalances in world trade.

Production in developed countries decreased by 4.7% in 2020. This is a more optimistic estimate compared to the forecasts made at the start of a pandemic, but still, the decline in GDP in developed countries was unprecedented and exceeded the decline in GDP during the global financial crisis of 2007-2009. (Fig. 1).

Dynamics of GDP in the World Economy as a Whole, as Well as by Groups of Developed and Developing Countries in 1990 - 2022, Presented as a % of Growth

Fig. 1



Source: World Economic Outlook. Managing Divergent Recoveries. IMF, April 2021. Note: Data for 2021, IMF forecast.

The crisis also seriously affected the foreign trade of developed countries. Exports from developed countries fell by 9.5%, while imports - by 9.1%. Although in this group of countries, the decline in production varied significantly. The decline was very strong in Spain (11.0%), Great Britain (9.9%), Italy (8.9%), France (8.2%), Greece (8.2%). The decline in production in the world's largest economy, the United States, was relatively shallow (3.5%), which is obviously due to the prompt deployment of large-scale anti-crisis measures. The decline in the German economy was not as sharp as in many European countries (4.9%). Some developed countries, even in the face of such an acute crisis, have shown relatively good results. For example, the Irish economy grew by 2.5%, the decline in production in Norway and Lithuania was only 0.8%, in the Republic of Korea 1.0%. However, in general, the losses of developed countries were very large, especially in the sectors of the economy that are highly dependent on the mobility of goods and citizens - tourism, transport, especially aviation, exports and imports of a number of goods.

The worsening economic situation could not but affect the financial sector of developed countries, but the negative effects were offset by anti-crisis measures. For example, the volume of loans in the portfolio of US commercial banks in 2020 (Q1 of 2021 to Q1 of 2020) decreased from \$10 313.0 billion to \$10 162.0 billion, or by 1.5%. At the same time, there was a deterioration in the quality of the loan portfolio. Thus, the share of all "bad" loans of commercial banks in the period under review increased from 0.88% to 1.02%, and the share of "bad" loans secured by real estate - from 1.08% to 1.39%. One of the key performance indicators of banks - capital adequacy - decreased from 10.46% to 10.0%. At the same time, there was an increase in income, return on assets and capital of American commercial banks. So the return on equity increased from 3.35% to 13.86%, and the return on assets - from 0.37% to 1.40%. Thus, a slight increase in risks occurred against the background of a significant improvement in financial indicators, which suggests that the safety margin of the US banking sector has been formed.

It is interesting to analyze the income, expenses and assets of the population, especially the US population. The United States has seen high growth in stock markets and housing prices, and as a result, household net assets grew in one year (Q1 2020 to Q1 2021) by more than \$25 trillion, i.e. from \$11 355 153.0 billion to \$136 917 098.0 billion. This is more than the annual US GDP (last year, the US GDP was \$ 20 939.6 billion).

The peculiarity of the situation is that both the Republican Party and the Administration of President Biden provided huge amounts of assistance to the population. This led to the fact that, in general, the income of the population has not only not decreased now, but turned out to be higher than before the

pandemic. In this case, relatively low-income groups of the population also benefited, and this, in turn, creates a good basis for a rapid increase in aggregate demand.

Difficult to predict, the question remains: what will American households do with the resulting income? Will they be viewed as long-term assets, i.e. Will we refer them to the capital markets or will they be wasted as consumption revives, that is, will we refer them to current income? The pace of recovery of not only the American, but also the world economy depends on this.

A decline in production was also observed in the group of developing countries and nations with an emerging market economy as a whole (minus 2.2%). Exports from this group of countries decreased by 5.7%, while imports - by 8.6%. Moreover, GDP fell by 1.0% in the group of developing Asian countries, which were the driver of the world economy. At the same time, the traditional locomotive of the world economy - China - managed to maintain positive GDP growth rates (2.3%), which, of course, are significantly lower than the growth rates of previous years, but strongly contrast with the deep decline in production in developed countries. China managed to mobilize all resources to combat the pandemic, including the formation of an effective system to prevent the spread of infection, which made it possible to minimize losses from the crisis. In the other largest Asian economy - India - GDP fell by 8.0%.

Latin American economies as a whole contracted 7.0%, including Argentina 10.0%, Mexico 8.2% and Brazil 4.1%. The decline was also relatively shallow in the group of countries south of the Sahara (minus 1.9%).

In the group of developing and emerging market economies of Europe, the decline in production was only 2.0%, which is significantly better than in developed countries. But in some countries of this group, the crisis was very significant. So in Montenegro, production fell by 15.2%, in Croatia by 9.0%, Moldova by 7.5%. At the same time, for example, Turkey's GDP grew by 1.8%. The largest economies of this group of countries were also experiencing a crisis: Russia's GDP fell by 3.1%, Ukraine's by 4.2%.

In the group of countries of the Middle East and Central Asia, the economy contracted by 2.9%, including in Armenia by 7.6%, Azerbaijan 4.3%, Kazakhstan by 2.6%, the Kyrgyz Republic by 8.0%. At the same time, some countries in the region have managed to maintain positive economic growth rates. For example, the GDP of Tajikistan grew by 4.5%, Egypt by 3.6%, Iran by 1.5%, Uzbekistan by 1.6%, Turkmenistan by 0.8%.

In recent years (2017-2019), Georgia's GDP has shown good growth rates (4.8%, 4.8%, 5.5%, respectively). In 2020, due to the negative consequences of the COVID pandemic, it decreased to minus 6.2%. In addition, according to the Law on the State Budget of Georgia for 2021, economic growth is already predicted at the

level of 7.7%, which in nominal terms will amount to 57.2 billion GEL, which exceeds the pre-crisis level. If the event develops according to the optimistic scenario, the growth of nominal GDP will exceed 10.0 % and will amount to 58.2 billion GEL. It should also be noted that the latest trends in the country's economy are also encouraging. So, if in Q4 of last year it was minus 6.8%, and in Q1 of the current minus 4.5%, then in April and May there is a significant economic growth of 44.8% and 25.8%, respectively. As a result, in the first five months of 2021, according to preliminary data from the National Statistical Service of the country, real GDP increased by 11.5%.

An interesting picture is emerging in relation to the capital adequacy of the banking sector, calculated in accordance with the recommendations of the Basel-3 Agreement. If in Q4 of 2019 this indicator was 19.5%, then a year later, in Q4 of 2020 it decreased to 17.6%, grew slightly in Q1 of 2021 and amounted to 18.2%, which, in principle, corresponds to the pandemic level (in Q4 of 2018, it was equal to 18.4%). It should also be noted that for more than half a year, both the balance sheet and the net profit of the banking sector in Georgia have been growing (Table 1):

Financial Indicators on the Performance of Commercial Banks in Georgia

Table 1

	Timeline	Balance Sheet Profit (Thousand GEL)	Net Profit (Thousand GEL)
1	November 2020	95 775	84 481
2	December 2020	114 920	100 730
3	January 2021	128 052	113 368
4	February 2021	143 780	132 115
5	March 2021	172 892	166 324
6	April 2021	195 973	173 071
7	May 2021	204 715	180 117

Source: National Bank of Georgia, <https://www.nbg.gov.ge/index.php?m=304>

It seems that in order to maintain positive dynamics in this area, special attention should be paid to the structure of changes in loans in the loan portfolio of Georgian banks, since according to the IMF methodology, the share of so-called "bad" loans increased from 1.9% in Q4 2019 to 2.4% in Q1 of 2021.

Other indicators of the financial activity of Georgian banks are interesting. So, if in Q4 of 2019 the return on assets (ROA) in the banking sector as a whole was 2.4%, in Q1 of 2020 it fell to a record-low minus 6.9%, then gradually began

to improve by Q1 of 2021. Reaching 2.8%, which, in principle, corresponds to the pandemic level (in Q4 of 2018 it was equal to 3.0%). The return on equity (ROE) in the banking sector in Q4 2019 amounted to 19.9%, but later it also fell to negative 64.4%. However, this indicator gradually improved also and in Q1 of 2021 reached 27.8%, which is, in principle, more than the pandemic level (in Q4 of 2018 it was equal to 23.4%).

Thus, it can be stated that, with a slight increase in credit risks, there is a noticeable improvement in the financial results of the Georgian banking system, which suggests that the banking sector is adapting to the existing risks.

Such a universal negative effect for all groups of countries is associated with the nature of the crisis - the global spread of COVID-19, with shocks that are similar for many countries, for example, in the form of quarantine restrictions, a drop in consumer demand, a decrease in exports and imports. Almost all countries experienced socio-economic stress caused by limited labor mobility, massive morbidity and high mortality from a pandemic, and overloading of healthcare systems.

The crisis was accompanied by a slight decrease in investments in developed countries: in 2020 they amounted to 22.0% of GDP against 22.3% of GDP in 2019. At the same time, this indicator increased from 32.6% of GDP to 36.9% of GDP in developing countries.

The crisis in many sectors of the world economy has led to a significant increase in unemployment. In developed countries, unemployment rose from 4.8% in 2019 to 6.6% in 2020, in the countries of euro zone from 7.6% to 7.9%. The increase in this indicator in the USA was very sharp: from 3.7% to 8.1%. But according to the Bureau of Labor Statistics, recently (June 4, 2021) the number of unemployed has been decreasing, as of May of this year it reached 559 000 people and amounted to 5.8%. The problem may arise in the labor market due to the rapid pace of economic recovery. There are more unemployed in America now than before the pandemic. And there are enough working hands. But due to high unemployment benefits and large social allowances to citizens, people are reluctant to return to the labor market. This is a bad signal for inflation. Because if a temporary surge in prices is accompanied by the transfer of this growth to wages, then inflation may receive additional incentives and become protracted.

Very high unemployment rates in 2020 remained in Spain (15.3%) and Greece (16.4%). At the same time, this indicator increased slightly in Germany: from 3.2% to 4.2%. And in a number of developed countries, there was even a slight decrease in the unemployment rate, which is associated with the implementation of a complex of anti-crisis measures in the economy and social sphere. For example, in France this indicator decreased from 8.5% to 8.2%, and in Italy from 9.9% to 9.1%.

Unemployment also rose in most developing countries and emerging economies. In the leading Asian nations, it grew insignificantly: in China it grew from 3.6% to 3.8% in 2020 and in Indonesia from 5.3% to 7.1%.

In a number of Eastern European countries, unemployment remained high in 2020. For example, in Albania it was 12.5%, in Croatia 9.2%, Turkey 13.1%, Serbia 13.3%.

Most countries in the Middle East and Central Asia also saw an increase in unemployment last year. For example, in Armenia it increased from 18.9% to 24.2%, in Azerbaijan from 4.9% to 6.5%, Kazakhstan from 4.8% to 5.5%.

In Georgia, unemployment is one of the major challenges in pursuing an effective socio-economic policy and remains at a relatively high level. In 2019, it was 17.6% (276.9 thousand people), in 2020 it was 18.5% (281.9 thousand people), and in Q1 of 2021 it reached 21.9% (317.5 thousand people). Along with this, it should be noted that these indicators, in principle, do not differ much from the pre-pandemic level, for example, in 2017 it was equal to 21.6% (354.5 thousand people), and in 2015 and 2014, respectively, 21.9% (367.2 thousand people) and 23.0% (374.0 thousand people).

It is obvious that in a crisis and especially in the post-crisis period, additional measures will be required to stimulate employment. It seems that the package of anti-crisis measures of the Government, including the social protection of the poor, will contribute to solving this problem.

Despite the crisis and significant financial assistance to the economy from the state in the form of loans, the use of financial instruments of quantitative easing policy, direct financial assistance to enterprises and households in 2020, there was no noticeable and widespread increase in prices in developed and most developing countries, although a number of experts pointed to the possibility of the development of inflationary processes.

The growth rate of consumer prices in developed countries amounted to only 0.7%, including 0.3% in the countries of euro zone. So a number of euro zone states even experienced a slight deflation (in Italy, Spain, Ireland, Portugal, Switzerland, Estonia, etc.). Low inflation is predicted by the IMF in 2021: in developed countries it will be 1.6%, in countries of euro zone 1.4%.

In developing countries of Asia, the growth rate of consumer prices in 2020 amounted to 3.1%, which is in line with the growth rate of prices in recent years. In China, this figure reached 2.4%, in India 6.2%, Indonesia 2.0%. In 2021, the IMF predicts a slowdown in inflation in this group of countries.

In emerging Europe, consumer prices rose by 5.4% in 2020, the lowest in recent years. In 2020, prices rose most noticeably in this group of countries in Turkey (by 12.3%) and Belarus (5.5%). In Russia, prices increased by 3.4%, in Ukraine by 2.7%.

In Latin American countries, inflation reached 6.4%, and in sub-Saharan countries 10.8% (a record-high indicator in recent years).

In the countries of the Middle East and Central Asia, prices rose by 10.2%, which is a record-high figure. In 2021, the IMF predicts a stronger price increase in this group of countries to 11.2%. High rates of increasing prices were recorded in Iran (36.5%), Lebanon (88.2%), Uzbekistan (12.9%), Pakistan (10.7%), Yemen (26.2%), Tajikistan (8.6%). At the same time, many countries in this group demonstrated low inflation rates. So in Armenia it was 1.2%, in Azerbaijan 2.8%, Saudi Arabia 3.4%, Morocco 0.6%.

In Georgia, the growth rate of consumer prices, according to the National Statistical Service was 4.9% in 2019, 5.2% in 2020, and in June 2021 it reached 9.9%.

In general, we can say that the main macroeconomic indicators remain at a stable and acceptable level for the economy, which, of course, creates opportunities for sustainable economic growth in the near future.

Despite the negative impact on world trade, the crisis did not lead to a significant deterioration in the balance of payments of most countries.

The group of developed countries managed to maintain a positive current account balance of payments at the level of 0.3% of GDP in 2020. At the same time, it should be noted that this indicator has been steadily declining in recent years and in 2021 the IMF predicts it at 0.2% of GDP.

In the largest economy in the world - the USA - the traditional current account deficit of the balance of payments (BOP) remains. In 2020, it amounted to 3.1% of GDP (the highest indicator in recent years). In 2021, the IMF predicts its growth to 3.9%. The widening US BOP deficit reflects the growing imbalances in world trade amid the crisis.

So, according to data (released on June 8, 2021) by the US Bureau of Economic Analysis and the US Census Bureau, the US foreign trade deficit was \$74.4 billion in March 2021, and \$68.9 billion in April. It can be assumed that America is increasingly buying goods from all over the world, and this will stimulate demand for goods and primary resources in other countries, especially in the third world. This growth can be more distributed and it can affect a wider range of countries. Countries caught in this production chain will be able to increase their exports and their domestic consumption.

The BOP worsened in 2021, as it did in the UK, France, Portugal, Greece, Estonia, Cyprus. At the same time, despite the crisis, Germany managed to maintain a positive current account balance of payments at the level of 7.1% of GDP. The BOP for current operations in Italy, Spain, the Netherlands, Finland, Lithuania, Latvia, Czech Republic, Israel and New Zealand improved.

Developing countries as a whole managed to improve the current account balance of the BOP: if in 2019 this indicator was 0.1% of GDP, in 2020 0.6% of GDP

and in 2021 it is projected at 0.5% of GDP. Thus, the balance in world trade has shifted from developed to developing countries.

Success in foreign trade is especially noticeable in the group of developing countries in Asia. The current account surplus of the BOP in 2020 reached 1.7% of GDP, which is significantly higher than in 2019 (0.6% of GDP). During the crisis, the current account surplus of China's BOP strengthened: from 1.0% of GDP in 2019 to 2.0% of GDP in 2020. India also managed to improve its BOP: from a deficit of 0.9% of GDP in 2019 to a surplus of 1.0 % in 2020

Eastern European emerging market economies experienced a zero current account balance of payments in 2020, which is worse than the results of 2019 (1.3% of GDP). A large current account deficit of the balance of payments was observed in Albania, Kosovo, Moldova, Montenegro, Romania, Turkey. At the same time, Ukraine, Belarus, Poland managed to improve the state of the balance of payments on current transactions.

Latin American countries managed to overcome the traditional current account deficit of the balance of payments and reach a positive balance of 0.2% of GDP in 2020. In sub-Saharan states, this indicator is still negative (minus 3.7% of GDP).

In the countries of the Middle East and Central Asia, the situation with the current account balance in 2020 deteriorated markedly: the deficit reached 3.0% of GDP, while in 2018 and 2019 these countries had a positive current account balance of payments.

Almost all countries of this group had a negative balance; in most countries, during the crisis, there was an increase in its deficit. The current account balance of payments worsened in Azerbaijan, Iraq, Libya, Oman, Qatar, Saudi Arabia and Turkmenistan.

The current account deficit of the BOP of Georgia reached 12.3% of GDP in 2020, which is more than in 2019 (5.5% of GDP). In 2018, its value was 7.0% of GDP. At the same time, an increase in exports is observed in Q1 of 2021. For example, in January of this year it was equal to 224.4 million GEL, in February it increased to 270.3 million GEL, and in March it reached 325.9 million GEL, which is significantly higher than last year (in March 2020, the current account deficit of the BOP of Georgia was equal to 249.5 million GEL). See data of the National Bank of Georgia.

An important fact is the positive forecasts of international financial institutions (IFIs). For example, the IMF predicts an improvement in the country's main macroeconomic indicators. In particular, the current account deficit of the balance of payments in 2021 is projected at 10.9% of GDP and in 2022 at 7.9% of GDP.

To overcome the crisis, large-scale measures were taken in most countries. Significant efforts have been made by central banks.

The US Federal Reserve System (The Fed) has been actively purchasing securities of the US Treasury, government agencies, commercial bills, municipal bonds, refinancing primary dealers backed by a wide range of high quality securities, refinancing banks to buy back assets from money market funds backed by commercial bills and municipal bonds, and a number of other operations.

The European Central Bank (ECB), within the framework of the current asset purchase program, decided to purchase additional bonds in the amount of €120 billion. An anti-crisis program was also adopted for the purchase of securities of the private and public sectors in the amount of €750 billion.

The Bank of England has expanded its program of purchases of government bonds and corporate bonds in the amount of up to £200 billion.

The Bank of Japan carried out purchases of government bonds at the secondary market, operational targeting of 10-year government bond yields around 0%, a temporary increase in targeted purchases of commercial paper, corporate bonds and shares of exchange-traded funds.

The Swedish Riksbank carried out a program of purchases of government and municipal bonds, as well as secured bonds issued by non-financial corporations, for up to 300 billion kroons.

In many countries, significant support for the economy and social sphere has been carried out and continues to be implemented at the expense of the state budget. For example, in the United States, an unprecedented \$2 trillion stimulus package was adopted, providing direct payments and benefits to Americans, support for businesses and states, and health care systems.

Anti-crisis spending of the EU budget in 2021-2027 will amount to €750 billion.

China has allocated 6 trillion yuan from the budget to provide employment, support tax cuts, lower rents and interest rates, expand consumption and increase investment.

Support for the economy and social sphere from the state budget and through the monetary authorities was supplemented by measures to combat the pandemic, strengthening health systems, and mass vaccination of the population. It was possible to largely remove quarantine restrictions and partially restore pre-pandemic activity in the economy and social sphere.

All the measures taken and being taken allow us to look into the future with a certain optimism, to predict good rates of recovery in the global economy already in 2021.

At the same time, despite the existing optimistic forecasts for the recovery of the world economy, it is necessary to pay attention to the remaining problems and risks of the development of the world economy.

Large-scale financial assistance from the state to the economy and social sphere has led to a deterioration in the state of public finances, which have not

yet fully overcome the consequences of the fight against the global economic crisis of 2007-2009, and the subsequent recession in many countries.

In 2020, the state budget deficit in developed countries increased sharply. So, in general for this group of countries, it increased from 2.9% of GDP in 2019 to 11.7% of GDP in 2020. In 2021, the IMF predicts that the deficit will be 10.4% of GDP. In 2020, almost all developed countries had significant state budget deficits. In a number of countries, this indicator was at a very high level. For example, in the USA it reached 15.8% of GDP in 2020, 13.4% of GDP in Great Britain, 11.5% of GDP in Spain, 12.6% of GDP in Japan, 11.8% of GDP in Israel, 9.9% of GDP in France, 10.7% of GDP in Canada, 9.7% of GDP in Austria.

The public debt of these countries in 2020 also reached a record-high level of 120.1%, and the IMF predicts its further growth in 2021 to 122.5% of GDP. The record holders for the size of public debt in 2020 were the United States (127.1% of GDP), Great Britain (103.7% of GDP), Spain (117.1% of GDP), Portugal (131.6% of GDP), Japan (256.2% of GDP), Italy (157.1% of GDP), Greece (210.1% of GDP), Canada (116.3% of GDP), Belgium (115.0% of GDP), France (113.5% of GDP).

The crisis has worsened the state of public finances in emerging market and developing economies. The shocks of the pandemic and crisis were superimposed on the general macroeconomic instability of many countries and the structural weakness of public finances. The state budget deficit of this group of states jumped from 4.7% of GDP in 2019 to 9.5% of GDP in 2020. In 2021, the IMF predicts its decline to 7.5% of GDP. The total public debt of these countries increased from 54.0% of GDP in 2019 to 63.4% of GDP in 2020. It will remain approximately the same in 2021.

The state budget deficit sharply increased in the developing countries of Asia as well, which is associated with large-scale programs to support the economy and social sphere. The deficit grew from 5.9% of GDP in 2019 to 10.6% of GDP in 2020. In 2021, it is expected to decrease to 9.1% of GDP. The deficit of the state budget of China in 2020 reached 11.4% of GDP, India 12.3% of GDP, Indonesia 5.9% of GDP.

The public debt of Asian countries increased from 56.6% to 66.6% of GDP in 2020, including in China up to 66.9% of GDP, India up to 89.6% of GDP, Indonesia up to 36.6% of GDP.

The state budget deficit of emerging market economies in Europe jumped from 0.8% of GDP in 2019 to 5.8% of GDP in 2020. In 2021, this indicator is projected at 3.5% of GDP. The leaders in this indicator were Croatia (8.0%), Hungary (8.5% of GDP), Montenegro (10.8% of GDP), Poland (8.2% of GDP), Romania (9.8% of GDP), Serbia (7.3% of GDP).

The public debt of Eastern European countries increased from 29.7% of GDP to 38.2% of GDP. The highest indicator in 2020 was in Montenegro (108.9% of GDP), Hungary (81.2% of GDP), Croatia (87.2% of GDP), Albania (76.0% of GDP).

In the countries of the Middle East and Central Asia, the state budget deficit increased from 3.5% of GDP in 2019 to 9.3% of GDP in 2020. In 2021, it is projected at 5.4% of GDP. In 2020, the budget deficit in Armenia was 7.0% of GDP, Azerbaijan 6.4% of GDP, Iran 8.4% of GDP, Kazakhstan 7.3% of GDP, Saudi Arabia 11.1% of GDP, Tajikistan 4.4% of GDP, Uzbekistan 3.3% of GDP.

In 2021, the public debt of Armenia amounted to 62.8% of GDP, Azerbaijan 21.4% of GDP, Kazakhstan 27.4% of GDP, the Kyrgyz Republic 74.3% of GDP, Saudi Arabia 32.4% of GDP, Tajikistan 48.1% of GDP, Uzbekistan 37.9% of GDP, Turkmenistan 31.0% of GDP.

In Georgia, public finances have also been negatively impacted by the crisis. There has been a relative deterioration of budgetary accounts, including an increase in government debt. In addition, the increased vulnerability of public finances is associated with Georgia's higher external debt and wider structural current account deficit of the balance of payments compared to the average.

Adequate fiscal policy of the government continues in 2021 and is aimed at providing targeted support to individuals, enterprises and entire sectors of the economy affected by the pandemic. According to the government, it is planned to spend 1 140.0 million GEL on these measures from the budget of 2021, which will amount to 2.1% of GDP. In addition to this and in accordance with the Law on Amendments and Additions to the State Budget of Georgia, an additional 446 million GEL is allocated towards this end solely in the area of healthcare. According to the updated data of the Ministry of Finance, the budget deficit by the end of the year is planned to be reduced to 6.9% of GDP, and if the optimistic scenario develops - to the level of 6.2%. In the future, the IMF predicts a decrease in this indicator to 3.9% of GDP in 2022.

As a result, Georgia's total public debt increased from 40.4% of GDP in 2019 to 60.6% of GDP in 2020. But it should also be noted that according to the amendments and additions to the Law on the State Budget of Georgia in 2021, the debt value will decrease to 54.6% of GDP, and if the optimistic scenario develops, its value is going to be brought to 53.1% of GDP, which is a good signal for foreign investors.

Deterioration in public finances was witnessed in Latin America and sub-Saharan Africa in 2020.

Thus, practically all countries experienced an increase in the state budget deficit and public debt. Many experts fear that unlimited debt growth, even if it is motivated by extreme socio-economic necessity, may lead to a crisis of confidence in government borrowing in the perception of the private investors. In this case, one can expect not only an increase in the yield of government securities, but also problems with their placement, which will exacerbate the problem of balancing government budgets and potentially carries the risk of

default or forced restructuring of government debt. Therefore, it is very important for the monetary authorities in this difficult socio-economic situation to choose the lesser of two evils: need for new government spending or financial stability – perceived as Scylla and Charybdis analogy from the Greek mythology.

Another possible negative aspect of large-scale financial assistance from the state to the economy during the crisis is associated with the still poorly studied consequences of a large-scale quantitative easing policy, when huge additional amounts fall into the financial sector of the economy. So far, we see that the global economy manages to accept these large-scale infusions without visible negative consequences. However, a number of experts are already drawing attention to the possibility of intensifying inflationary processes, as well as inflating bubbles in financial markets, which potentially threatens global financial stability.

And one cannot but say about, perhaps, the most important point: the global crisis is caused by a pandemic; its nature is largely related to the negative impact of the epidemic on all aspects of life. Successful overcoming of this crisis is also possible only if the pandemic is curbed. The development of anti-clot vaccines, mass vaccinations in a number of countries, the removal of a number of sanitary restrictions, and a departure from the policy of universal lockdowns give rise to hope that the root cause of the crisis will be overcome. At the same time, there are such alarming trends as the permanent mutation of the COVID-19 virus, justified doubts of experts about the effectiveness of vaccines in the event of further mutations. Unfortunately, the success achieved to date in combating the pandemic does not seem to be irreversible, there is a large degree of uncertainty in the development of the pandemic. And this situation requires states and international organizations to pay close attention to the development of the pandemic and its cyclical nature, strengthening of health systems, new scientific research and medical developments in this area.

The combination of successful anti-pandemic measures and large-scale and effective government assistance to citizens, enterprises, sectors of the economy and regions, coordination of efforts at the national, regional and international levels will create conditions for the economy and social sphere to enter a sustainable development path.

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- www.bea.gov
- fred.stlouisfed.org.

მსოფლიო ეკონომიკა: COVID-19 კრიზისის ეკონომიკური შედეგები და აღდგენის პერსპექტივები

ირაკლი კოვზანაძე

პროფესორი

ივ. ჯავახიშვილის სახელობის

თბილისის სახელმწიფო უნივერსიტეტი

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სტატიაში საქართველოს, განვითარებული და განვითარებადი ქვეყნების სტატისტიკური მონაცემების ანალიზის საფუძველზე გამოკვლეულია მსოფლიო ეკონომიკის განვითარების ტენდენციები და პერსპექტივები კორონავირუსის პანდემიით გამოწვეული კრიზისის გავრცელების ფონზე. მასში გაანალიზებულია კოვიდ-19-ით გამოწვეული პეჩეგუბაციების გავლენა ეკონომიკურ ზღვაზე, საგაიერო ვაჭრობაზე, საგადამხდელო ბაზრებზე, სახელმწიფო ვაღზე, მიმდინარე ანგაიიშის დეფიციტზე, სახელმწიფო ბიუჯეტის პაჩამეგებზე, ინფლაციაზე, დასაქმებაზე, ფინანსური სექტორის საქმიანობაზე, მდგაღობასა და ა.შ. ნაშრომში ასევე, განხილულია სხვადასხვა ქვეყანაში განხორციელებული მაშტაბური ფისკალური და მონეტარული ანტიკრიზისული ღონისძიებები, შესაძლო შედეგები მოკლევადიან და საშუალოვადიან პერსპექტივაში და მათი გავლენა ცალკეული ქვეყნის, რეგიონის და გლობალურ მაკროეკონომიკურ და მონეტარულ სტაბილურობაზე, ეკონომიკურ ზრდასა და მოსახლეობის კეთილდღეობაზე. სტატიაში საქართველოს და მთელი რიგი საზღვარგარეთის ქვეყნების მდიდარი სტატისტიკურ მონაცემების ანალიზის საფუძველზე გაკეთებულია პანდემიის ეკონომიკური გავლენის შედარებითი ანალიზი. სტატიაში ასევე ხაზ-

გასმულია ანტიპანდემიური ზომების მნიშვნელობა და ეფექტიანი საჯარო მმართველობის როლი საფინანსო-ეკონომიკური გამონჯევების მართვისა და სხვა პრობლემების დაძლევის მიმართულებით.

საკვანძო სიტყვები: გლობალური ეკონომიკა, მაკროეკონომიკური სტაბილურობა, მონეტარული სტაბილურობა, კოვიდ-19, ეკონომიკური ზრდა, ინფლაცია, სახელმწიფო და საჯარო ფინანსები, მსოფლიო ვაჭრობა, საგადამხდელო ბალანსი, სახელწიფო ვალი.

Jel Codes: E6, E62, E63, Q02.